

Message Text

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PAGE 01 STATE 082260

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ORIGIN SS-30

INFO OCT-01 ISO-00 /031 R

DRAFTED BY NEA/INS:DWBORN:HME

APPROVED BY T:RWRIGHT

NEA - MR. SOBER

USDA - MR. BELL

EB/FSE - MR. WHITMAN

EB/ORF:JKATZ

S/S - MR.GAMMON

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P R 231657Z APR 74

FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI PRIORITY

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

C O N F I D E N T I A L STATE 082260

EXDIS

E.O. 11652:GDS

TAGS: ENGR IN, EAGR

SUBJECT:INDIAN INQUIRY ON ENERGY CRISIS

REF: STATE 40972; STATE 79720

SUMMARY - AMB. KAUL IN CORDIAL APRIL 17 MEETING WITH UNDER SECRETARY DONALDSON, STRESSED INDIA'S DESIRE TO BE COOPERATIVE WITH USG TO MEET ENERGY CRISIS AND, TO THAT END, CREATE APPROPRIATE INSTITUTIONAL MECHANISM UNDER PROPOSED JOINT COMMISSION. AMB. KAUL RAISED POSSIBILITY OF WASHINGTON CALLS BY PETROLEUM MINISTER BAROOAH AND ALSO SOUGHT RESTRAINT IN FUTURE USDA REPORTS OF GOI GRAIN IMPORT PROSPECTS. END SUMMARY

1. INDIAN AMBASSADOR T.N. KAUL, ACCOMPANIED BY ECONMIN G.V. RAMAKRISHNA CALLED APRIL 17 ON UNDER SECRETARY
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 082260

DONALDSON, WITH SOBER, NEA, PRESENT.

2. AMB. KAUL RECALLED SECRETARY'S APRIL 15 MEETING WITH FOREIGN MINISTER SWARAN SINGH AND SAID IT APPROPRIATE TO SEEK AREAS OF COOPERATION IN ENERGY FIELD FOR INCLUSION IN DISCUSSION RE JOINT COMMISSION ACTIVITIES. INDIA FACES SEVERE SHORT-TERM BALANCE OF PAYMENTS PROBLEMS AS RESULT ENERGY CRISIS, KAUL EXPLAINED. FOREIGN EXCHANGE GAP IN 74/75 PROJECTED AT DOLS 500 MILLION. TO MEET THIS SHORT-TERM PROBLEM, INDIA COUNTING

ON DEBT RESCHEDULING, DEVELOPMENT LOAN ASSISTANCE (ESPECIALLY FOR FERTILIZER), FOOD AID, IDA IV REPLENISHMENT, AND OVER LONGER TERM MIDEAST OIL EXPORTERS' FUNDS.

3. UNDER SECRETARY DONALDSON NOTED THAT ON THE US SIDE THE ENERGY COORDINATING GROUP (ECG) WAS MONITORING THESE VARIOUS FUND PROPOSALS AND WOULD CONTINUE TO DO SO AT ITS MAY 2/3 MEETING. KAUL SAID THAT INDIA WAS ALSO KEEPING AN OPEN MIND, WAS NOT SO CONCERNED OVER WHAT MECHANISM WAS ADOPTED, BUT NEEDED SOFT TERMS AND INTERNATIONAL COORDINATION OF RESOURCES PROVIDED.

4. IN RESPONSE DONALDSON QUERY ABOUT POSSIBLE ALTERNATE SOURCES OF ENERGY IN INDIA, KAUL TICKED OFF: OFFSHORE OIL, NUCLEAR POWER, HYDROELECTRIC POWER, EVEN SOLAR POWER, CONVERSION OF THERMAL ELECTRIC AND FERTILIZER PLANTS FROM OIL TO COAL, FUEL AND FEEDSTOCKS. KAUL HOPED APRIL 29/30 SYMPOSIUM IN NEW DELHI WOULD LEAD TO PERMANENT R AND D EXCHANGE CONCERNING COAL GASIFICATION PROCESSES AND CITED POSSIBILITY OF USING INDIAN THORIUM FOR NUCLEAR GENERATION OF ELECTRICITY. INDIA WOULD LIKE TO SEE AN INSTITUTIONAL MECHANISM CREATED TO FOSTER INDO-US COLLABORATION ON ENERGY MATTERS, PERHAPS, AS A SUBCOMMITTEE OF THE JOINT COMMISSION.

DONALDSON, NOTING THAT SECRETARY HAD SUGGESTED THAT JOINT COMMISSION BE DISCUSSED IN WASHINGTON, THOUGHT PROPOSAL COULD BE EXAMINED AS PART THOSE DISCUSSIONS.
CONFIDENTIAL

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PAGE 03 STATE 082260

5. KAUL INFORMED DONALDSON THAT PETROLEUM MINISTER BAROAH WOULD BE IN NEW YORK FOR UNGA SPECIAL SESSION APRIL 19/25, AND ASKED IF HE MIGHT USEFULLY VISIT WASHINGTON FOR TALK ABOUT COOPERATION ON ENERGY MATTERS. (WE HAVE SINCE INFORMED INDIAN EMBASSY THAT WE WOULD BE PLEASED SEE PETROLEUM MINISTER IN WASHINGTON, BUT WOULD NEED TO KNOW WHAT SPECIFIC DAYS MIGHT BE

CONVENIENT TO ENABLE US ENSURE THAT SUITABLE APPOINTMENTS
COULD BE MADE.)

6. KAUL ALSO BRIEFLY MENTIONED HIS CONCERN OVER EFFECT
ON US GRAIN PRICES OF USDA PRESS RELEASE OF FORTHCOMING
INDIAN IMPORTS. (SOBER LATER DISCUSSED INDIAN VIEWPOINT
WITH USDA DEPUTY ASSISTANT SECRETARY BELL. BELL AGREED
USDA REPORTS NEED BE HANDLED IN MANNER WHICH BOTH
PROTECTS USDA RESPONSIBILITY TO PUBLIC AND KEEPS GOI
SENSITIVITY IN MIND. KISSINGER

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